

Message Text

UNCLASSIFIED

PAGE 01 CALGAR 00519 102107Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 DOE-15 H-02 INR-10 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-09 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 /140 W

-----032686 102115Z /75

P 102045Z AUG 78

FM AMCONSUL CALGARY

TO SECSTATE WASHDC PRIORITY 2556

INFO AMEMBASSY OTTAWA PRIORITY

UNCLAS CALGARY 0519

E.O. 11652: NA

TAGS: ENRG, CA

SUBJ: THIRD TAR SANDS MINING PLANT

1. SHELL CANADA HAS ANNOUNCED THE FORMATION OF A NINE COMPANY CONSORTIUM, THE ALSANDS PROJECT GROUP, WHICH PLANS TO BUILD A THIRD, 125,000 B/D, TAR SANDS MINING AND PROCESSING PLANT AT A SITE NORTH OF FORT MCMURRAY. PARTNERS IN THIS DOLS 5 BILLION PROJECT ARE SHELL CANADA (25 PERCENT), SHELL EXPLORER (20 PERCENT), AMOCO CANADA (10 PERCENT), PACIFIC PETROLEUMS (9 PERCENT), CHEVRON STANDARD (8 PERCENT), GULF CANADA (8 PERCENT), HUDSON S BAY OIL AND GAS (8 PERCENT), PETROFINA CANADA (8 PERCENT), AND DOME PETROLEUM (4 PERCENT). THE ALSANDS GROUP INTENDS TO SUBMIT AN APPLICATION TO ALBERTA ENERGY RESOURCES CONSERVATION BOARD (ERCB) IN 1978, HOPES TO OBTAIN A FAVORABLE ERCB RULING AND SUITABLE FISCAL ARRANGEMENTS IN 1979, AND CONTEMPLATES A PROJECT COMPLETION DATE OF 1985.

2. COMMENT: SHELL HAS BEEN ATTEMPTING TO OBTAIN TAX AND ROYALTY TERMS WHICH WOULD ALLOW FOR A DISCOUNTED CASH FLOW (DCF) OF 18 PERCENT. CONCESSIONS PERMITTING A 14 PERCENT DCF HAVE APPARENTLY BEEN OFFERED BUT THE CONSORTIUM UNCLASSIFIED

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ALLEGEDLY NEEDS IMPROVED FISCAL ARRANGEMENTS IF A THIRD TAR SANDS PROJECT IS TO BE VIABLE. PROVINCIAL-FEDERAL AGREEMENT ON TAX AND ROYALTY ARRANGEMENTS CONTINUES TO BE CRUCIAL TO BOTH THE THIRD TAR SANDS PLANT PROJECT AND IMPERIAL S COLD LAKE DEVELOPMENT (77 CALGARY 527) AND INDUSTRY OFFICIALS TELL US THAT AN EARLY RESOLUTION OF THIS THORNY PROBLEM DOES NOT SEEM LIKELY.

RATTRAY

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NNN

Message Attributes

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Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING, TARS, SANDS
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Draft Date: 10 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Original Classification: UNCLASSIFIED
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Review Withdrawn Fields: n/a
SAS ID: 1781943
Secure: OPEN
Status: NATIVE
Subject: THIRD TAR SANDS MINING PLANT
TAGS: ENRG, CA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/edd55b65-c288-dd11-92da-001cc4696bcc
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